

**Summary of Outcomes of the
First Meeting of the Direct Investment Technical Expert Group
(DITEG)
for
IMF Committee on Balance of Payments Statistics
and
Workshop on International Investment Statistics**

June 15-17, 2004

OECD, Paris

The first meeting of the Direct Investment Technical Expert Group (DITEG) was held during June 15 - 17, 2004 at the OECD, in Paris. This report indicates issues/topics for which the DITEG prepared outcome papers and summarizes the discussions/decisions on issues/topics for which the DITEG did not prepare outcome papers at this stage. This report also summarizes decisions of DITEG on processes, future agenda, and other administrative matters.

I. ISSUES/TOPICS OF THE FIRST MEETING

A. Valuation of direct investment inequity and branches

1A. Valuation of direct investment equity

See outcome paper

1B. Valuation of branches

See outcome paper #1B

B. Identification of branches

See outcome paper #10

C. Reverse investment and directional principle

- A new proposal was introduced during the discussion on which there was no issues paper. As a consequence, further discussion of this topic was deferred to the December 2004 meeting.
- United States to prepare an additional issues paper for the next meeting

D. 10 per cent threshold

See outcome paper #2 (to be prepared by the OECD)

E. Indirect investment: Fully consolidated system

See outcome paper #3

F. Special purpose entities

See outcome paper #9

G. Reinvested earnings

5A. National/sectoral saving

See outcome paper # 5A

5B. Reinvested earnings of indirectly owned direct investment enterprises

See outcome paper #5B

H. Mergers and acquisitions

Issue not discussed. To be taken up at December 2004 meeting.

I. Bringing together all direct investment-related issues (transactions in goods and services, income, financial flows, stocks between affiliates) as an appendix to the balance of payments manual

See outcome paper #6 and #19

II. ADMINISTRATIVE MATTERS

- The DITEG agreed on the updated list of issues for DITEG, the assignment of issues papers, and the process for establishing an agenda for the next meeting.
- The group agreed that it will continue its work through electronic communication (including EDG).
- The Secretariat will circulate the draft outcome papers and summary of the conclusions the members who will provide their comments within two weeks to the Secretariat. After the outcome papers and summary of conclusions are finalized, they will be posted on the IMF's, OECD's and BEA's external websites.
- The next meeting of the DITEG will be held during December 6 – 9, 2004 at IMF Headquarters in Washington D.C.